



OFFICE OF THE COUNTY EXECUTIVE

Chris Abele

MILWAUKEE COUNTY EXECUTIVE

Milwaukee County Executive Chris Abele's 2012 Proposed Budget

Remarks Delivered to the County Board September 29, 2011

Good morning. Thank you, Chairman Holloway for the opportunity to address the County Board today. Thank you also members of the County Board, Constitutional Officers, Members of the Judiciary, Milwaukee County Employees and Guests for attending today.

Like everyone in this room and in the community, I have long been concerned about the financial problems facing Milwaukee County.

For years, Milwaukee County has had a persistent structural deficit and growing long term debt. Revenue has been exceeded by expenses, long term liabilities have grown and, as a result, we have debt service next year of \$108 MM. I'm sure we can all agree that that is money that would be far better spent on services.

As we look to the 2012 budget, several factors have exacerbated these longtime challenges.

First, the state budget enacted this year reduces funding to Milwaukee County by an unprecedented \$29 million. And the state cuts to transit were the single largest cut to any one of our services.

Second, a budget hole from unrealized revenues from the previous budget and rising costs has added another \$25 million to the structural deficit we're facing.

And third, the county has accumulated hundreds of millions of dollars in deferred maintenance.

The debate around spending and policy has often resulted in a false argument, one between those who don't want to raise taxes and those who think services have been cut too much; between those who are rightly concerned about the impact of our massive liabilities on the continued existence of the county and those who rightly take seriously our obligation to maintain transit, family care, child support enforcement, to the people who depend on these services.

I want to make one thing very clear right now: no matter where we may differ on ideology, no matter what are cultural background, no matter what district we represent, I know that everyone in this room takes very seriously the responsibility Milwaukee County has to deliver the services that are expected of us and do it effectively. I know that everyone in this room is aware that we are stewards of resources that do not belong to us but to the citizens of the county. And I know that we all understand that being entrusted with tax dollars demands disciplined decision-making and sound management.

I'm going to share with you the goals and principals that informed my thinking on this budget and then I'd like to outline some of the details.

In working on the budget I am presenting to you today, I had several goals. These included:

Not raising taxes. This budget does not include any increase in the tax levy. Milwaukee County residents are taxed enough and adding to that burden is not going to help create jobs or grow the economy.

Reducing the debt. The single biggest cause for cutting parks, transit, and any of the services that have been cut over the last ten years has been the growth of the debt. This budget does not include a deficit. We have worked hard to try and address as much of structural deficit as possible as well, and this budget also includes \$1 MM towards debt reduction.

Responsible and conservative budget assumptions. This budget does not include any revenue from potential land sales and we have spent a lot of time with departments working to ensure that we don't have overly optimistic projections about either earnings or expenses.

Willingness to make tough decisions. As you'll see in the budget, we've had to make some difficult decisions.

Preserving critical services to the most vulnerable in our community.

And, focusing on the long term sustainability of key programs. My goal is not just to preserve services for today, but for 10 and 20 years from now.

I'm pleased to announce today that my proposed 2012 budget meets the goals I've outlined. It avoids cuts that would have hurt the neediest, maintains our quality of life, begins to put Milwaukee County on the road to financial sustainability and pays down debt.

And it does this without raising property taxes.

Before I give you some details of my budget, I'd like to talk briefly about taxes.

Many career politicians hate government and hate taxes. And they win elections by tapping into public discontent over government and taxes.

I'm not a career politician. And I actually like government. I care about what it can do for people. I respect our public servants. I see government work as important and honorable.

But as the owner of two businesses, and as someone who has talked to thousands of county residents about taxes, I understand the public's opposition to taxes.

We would be doing Milwaukee County a disservice by simply raising taxes to avoid making the tough decisions. It's a temporary solution, and it's the easy way out.

A key area of the budget I'd like to discuss with you today is transit. Like you, I've been more concerned with the challenges to the transit budget than probably any other area of the county budget. Linking residents to education and jobs is critical to our growing economy. That is why I worked closely with the board and many civic and community leaders to lobby state lawmakers about the negative impacts associated with their cut to mass transit aids. While we were unsuccessful in stopping the 10% cut, I am committed to continuing the fight to restore transit funding in the future. We all understand that transit is the key to economic growth and vital to the success of our region.

It's also important to remind ourselves that the approximately \$7 million cut in transit state aid wasn't our only challenge. Our transit system is facing a \$15 million deficit when this state cut is added to increasing fuel costs, revenue shortfalls and other structural issues.

In developing an approach to the transit budget, I have worked closely with bus company officials, Department of Transportation and Public Works leadership and board leaders to find creative ways to sustain services. The only thing I took off the table from the start was a general fare increase. With general Milwaukee fares already among the highest in the nation, we could not ask riders to pay more than they already do.

I am proud to announce today that I am introducing a budget that we strongly believe will preserve nearly all of the existing bus service, without raising general fares. I think that bears repeating. Despite a \$15 million transit funding deficit mainly due to excessive state cuts, we are likely able to preserve most existing bus service without raising general fares. That is something we should all be extremely happy about and proud of.

We are able to accomplish this through creative and aggressive use of some federal funding sources. With the leadership of Chairman Holloway and Supervisor Mayo, we have applied for \$15 million in federal congestion mitigation and air quality funding that will enable the county to create several new express bus routes. With these routes, we can free up funds to avoid making most of the cuts originally proposed by the bus company. These federal funds were made available with the dissolution of the RTA, and we are confident that decisions regarding these grants will recognize the importance these funds will play in maintaining these vital services.

I know that you all will join me in our efforts to educate state transportation officials as to how vital these funds will be to helping us address a critical need of our transit riders.

In accordance with my firm belief in honest budgeting, we have not calculated our transit budget based on receiving the entire \$15 million in federal funds, but rather have been realistic in planning for \$10 million of these funds. While this is incredibly great news for preserving our transit system, of course if we do not receive these funds, we will be forced to make some difficult decisions, and my budget also includes a contingency plan for what cuts would need to be made in absence of these grants being approved.

I look forward to working with the board, civic and community leaders, state officials, and anyone else who understands the strong link between transit and jobs, to make sure that those contingency plans do not need to be considered.

To be clear, this solution is a temporary one. These grants are for two years. That gives us two years to find a long term solution to our transit issues. But at least it gives us two years of connecting people to jobs.

While the paratransit system is a small part of the overall transit budget, it represents a lifeline to those disabled and elderly residents who otherwise have no access to transportation. We all have heard from those who would be most affected by service area cuts, and they have compelling stories. I am proud that the budget I introduce today is able to maintain the border-to-border service for paratransit – no matter how much we might receive in the federal grants.

While state lawmakers recognized the importance in this program with a last-minute increase in funding for paratransit, it was not enough to maintain this border-to-border service, and I have had to make some difficult decisions in order to provide additional property tax levy to continue this service. One of those difficult decisions was to raise the fare for this paratransit service. While there are no proposed general fare increases for the fixed-route transit system, in these difficult fiscal times, we have accepted the recommendation of the transit company to raise the paratransit fares. Doing this helps us to continue to provide the border-to-border service that so many have said is vitally important to maintaining independence for disabled and senior county residents.

We all understand the need to change the way Milwaukee County delivers mental health services. Several thoughtful and detailed studies have been done that outline the need to focus on mental health care in the community, rather than in an institutional setting. This type of community care is already being provided in a few facilities, such as the South Side Crisis Resource Center.

This is not only the right thing to do for the quality of patient care, it is the fiscally responsible thing to do. I appreciate the hard work the board has done to facilitate this transition, and I am confident that the Mental Health Redesign Task Force will identify an implementation plan that moves us toward this community-based model in a timely manner.

We all also understand that any savings related to this transition will not be realized until we first encourage and help build the capacity for the community to take on the care of those in need of mental health services. This requires an investment on the part of Milwaukee County at a time when we face historic fiscal challenges as of the result of state cuts.

But this is too important to not make the investment now. That is why my budget takes the outdated \$3 million EMS subsidy in the Behavioral Health Division budget, and puts it instead directly into devoting more resources to building community capacity. As a result of this needed investment, more people with mental health issues will be served in community facilities, rather than at a hospital. We had very few opportunities in this budget to actually make investments. But I have made a commitment to finding funds to transform our mental health system into a sustainable model that treats patients with respect and lessens the financial pressure on Milwaukee County taxpayers.

Many of you have recognized that the success of the South Side Crisis Resource Center is a model that needs to be replicated on the North Side and other parts of the county, and my budget specifically calls for additional crisis resource centers.

I'm also very proud that we have been able to, among other things:

- Restore 18 of the 28 positions in Child Support Enforcement that were slated for elimination due to drastic cuts in state aid.
- And provide \$1.0 in funding to pretrial services for the innovative Universal Screening program.

As you know, we went into this budget with a \$55 million deficit. To close the hole, there were a number of things we didn't do. We didn't even consider raising taxes or general transit fares. We didn't bank future land sales as certain revenue. We didn't book a dime of savings we hope to achieve by challenging the outrageous pension backdrop payments. We didn't use furlough days or scheduled layoffs. We didn't make major cuts that have often been on the table, such as closing deep-water pool, senior centers or community centers.

What we did was to find savings in departments large and small, look for ways to reduce spending and where possible, increase revenues.

One area of savings is in employee health care contributions. Milwaukee County employees are some of the most dedicated and hard-working people I have ever had the pleasure of leading. Too often they have been unfairly criticized and blamed for the financial challenges of Milwaukee County. I am proud of the great work they do and look forward to working together to building an efficient and sustainable foundation so that they can continue to serve the citizens of Milwaukee with pride and respect for years to come.

We cannot address the financial challenges facing Milwaukee County without addressing the skyrocketing costs of health care and the legacy of pension and retirement benefits that are outside the mainstream of both the private and public sector. We have already paid out more than \$200 million in backdrop payments, and millions more in vacation and sick leave payouts. This is hundreds of millions of dollars not available for transit, mental health, public safety and all the other critical services the county provides.

I am proud to have already worked closely with the County Board of Supervisors to address some of these systemic issues, and I am pleased that we now appear to have the opportunity to once and for all change the backdrop provisions and save taxpayers potentially tens of millions of dollars.

Public sector employees have long enjoyed health care benefits at a cost to them that has been substantially less than what those in the private sector are asked to pay. This has been one of the few benefits that made up for the lower salaries that public sector workers have received. I have the utmost respect for those who, like me, have dedicated themselves to public service. But the reality is that due to the cuts in state funding and our structural deficits, we can no longer afford to both provide vital services and fully subsidize these rising health care costs. The budget I'm introducing today will ask county employees to pay more toward their health care coverage. It's unfortunately something we have to ask of those who have already been asked for so much.

Another area of savings in 2012 will be in the sheriff's budget. Of all the important services that Milwaukee County provides, none is more critical than public safety. We have a responsibility to protect our citizens that I take very seriously. I respect and honor the role that the sheriff's office plays in maintaining safety in our community. But it is time to prioritize and focus on what is mandated by statute and is most crucial to our shared goal of public safety. Milwaukee County is unique in Wisconsin in that it contains no unincorporated areas. It is made up of 19 cities towns and villages that each has its own professional and highly trained law enforcement agency. By statute and by practice, the sheriff plays only a limited role as a traditional law enforcement agency. For example, in 2009 the sheriff reported only 19 crimes to the FBI, compared to 41,000 for the city of Milwaukee and 3,200 for West Allis, and even 242 for the UWM Police Department.

My proposed budget devotes 49% of the property tax levy to Public Safety. The sheriff's department has been the biggest consumer of property tax dollars for many years, and even after the reductions I have proposed, the department will continue to be the biggest user of property tax levy. While other departments have faced extreme budget pressure in recent years the Sheriff's budget has increased 62% since 2001.

This isn't to say the sheriff's office does not play a vitally important role and it will continue to. It is responsible for managing both the jail and the House of Corrections. It is responsible for patrolling our interstates and roads. And is responsible for court security and serving legal process. The sheriff's office also can support those local law enforcement agencies that are on the front lines of defending our communities.

At a time when every agency and every service we provide is forced to make difficult decisions due to the size of state cuts and the difficulty of our structural deficit, this budget also seeks efficiencies from the sheriff's office. The Sheriff's constitutional authority gives him more flexibility and responsibility for managing his department than anyone else in county government. Some of the proposals in my budget related to the sheriff's office are accelerating and promoting some of the cost-savings measures that the sheriff has already identified. Some of the changes are recognizing the statutory role the sheriff has and redefining the services he provides to what is required in the statutes.

The changes in the sheriff's budget that I bring before you today have been made with a great deal of thought, an eye towards research of best practices and in consultation with law enforcement professionals throughout the county.

I look forward to a reasoned and intelligent discussion on the changes I have proposed to the budget for the office of the sheriff. I am ready to support the changes with research data and analysis and with an eye toward the vital importance of public safety. I welcome all to the discussion. This subject is important and deserves reasoned and intelligent discussion based on facts and data not politics, hyperbole and melodrama.

As I submit this budget to you today, I want you to know: My work to improve county government has just begun. And it doesn't stop here.

We share the same goals. Everyone in this room wants to provide needed services to this community. Wants to make Milwaukee County attractive to residents, business and workers. And wants to put us on a financially sustainable course.

I urge you to give this budget your serious consideration. This budget will achieve our short-term goal of prospering in 2012 despite major state budget cuts, and in the long-term, move Milwaukee County toward a sustainable fiscal future.

I look forward to working with you on behalf of our constituents – the citizens of Milwaukee County.

Thank you again for inviting me to speak today.